complaint

Mr and Mrs H complain about the lack of advice they received from AXA Insurance UK Plc about their claim for stolen goods under their contents policy. They said this meant that they haven't recovered the full value of their loss. References to Mr and Mrs H's contents insurer are simply given as 'AXA'.

background

I issued a provisional decision on this case, a copy of which is attached and forms part of this final decision. In that decision, I explained why I was minded not to uphold the complaint.

I invited both parties to provide me with any further comments they wished to make. AXA agreed with the provisional decision, but Mr and Mrs H didn't.

Mr and Mrs H said that one of their travel insurers is AXA Travel and they thought they were dealing with the same business as their contents insurer. They said that AXA should've told them its liability is limited to the cost of replacement from its preferred suppliers. They said that in the policy the limitation is under the heading '*How we settle claims*', but AXA hasn't settled their claim, hasn't shown them the calculations and didn't relate this to the settlement from the travel insurers.

Mr and Mrs H said the policy doesn't say claims are limited by what has been recovered from other policies, only that AXA will only pay its proportion, but AXA didn't pay any proportion of their loss. They said AXA should pay a proportion of the whole claim, not a proportion after deduction of settlements from other policies.

Mr and Mrs H said their stolen laptop was no longer available and the policy said AXA would pay the full replacement cost. Mr and Mrs H said they hadn't seen any evidence of this.

my findings

I've considered all the available evidence and arguments afresh to decide what's fair and reasonable in the circumstances of this complaint. In doing so I have reached the same conclusions and for the same reasons. I know that Mr and Mrs H will be disappointed, but I hope they will understand the reasons for this decision.

Other than their contents policy with AXA, Mr and Mrs H had two travel insurance policies, one of which was through a credit card company with AXA Travel. This is a separately regulated business with its own claims department at a different address from AXA's contents insurance. I don't think there was any disadvantage to Mr and Mrs H in dealing with two parts of the AXA organisation for their separate policies.

Mrs H said she needed a laptop immediately she returned to work, so I'm not sure she would have waited for AXA's preferred supplier had she been aware about this part of her policy. However, I think it would be good customer service for claims handlers to alert customers to the preferred purchasing term when they make a claim. But I still don't think it would be fair to blame AXA's claim handlers for not telling Mr H about this as he was notifying them about a potential claim and didn't seek any advice about the claim.

I can see that Mr and Mrs H are only trying to recover the full extent of their loss. But I still think AXA is entitled to rely on the limitation within their policy. This states that '*payment will not exceed the amount we would have paid the preferred supplier'* and '*our settlement would be calculated based on our limit of liability'.*

AXA hasn't based its calculations on what Mr and Mrs H received from their travel insurers, but it said that the limit of its liability is less than what has already been received. Insurers won't meet the same liability that other insurers have met as this might lead to dual insurance cover, even where some of the loss hasn't been recovered. AXA's policy deals with this by stating, *"If any injury or damage is covered by any other insurance we will not pay more than our proportion."*

I think it's reasonable for AXA to interpret its 'proportion' as the total amount it would have to pay preferred suppliers to replace all of the stolen items. This would've put Mr and Mrs H back into a pre-loss position, replacing their items on a like for like basis. Consequently I think it is fair for AXA to say that its liability for the claim was already met by the travel insurers.

AXA has used the purchase price from its preferred supplier for an alternate laptop with similar specifications to the one that was stolen from Mrs H. Even if AXA had included the full purchase price of Mrs H's stolen laptop, its total liability for the claim wouldn't have reached the amount Mr and Mrs H had already received from their travel policies.

AXA's preferred supplier calculated the cost of replacement of all the items Mr and Mrs H lost as £2,652.84. The policy is clear that this represents the limit of AXA's liability. Mr and Mrs H's travel insurers paid them £3,624.99 for the loss of the same items, and since this exceeds the limit of AXA's liability I still don't think it would be fair for me to require AXA to pay more than this amount.

my final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 15 February 2016.

Andrew Fraser
ombudsman

COPY OF PROVISIONAL DECISION

complaint

Mr and Mrs H complain about the lack of advice they received from AXA Insurance UK Plc on their claim for stolen goods under their contents policy. They said this meant that they have not recovered the full value of their loss.

background

Mr and Mrs H suffered a burglary in March 2014 where they were staying whilst on holiday. When they got home they immediately told their two travel insurers and made a claim. Mr H called AXA the following day to tell it of a potential claim under their contents policy. He said they would claim from their travel insurers though the policies were 'rubbish' and probably wouldn't cover all of their loss. He said he would itemise the stolen items and provide receipts later.

AXA's claim handler took some details and said AXA would call back with a claim number.

Mr H called AXA again in July 2014. He said they were still waiting for their travel insurers to clear their claim and asked AXA to keep their claim open. Mrs H said she also called AXA but unfortunately there is no record of this call.

Later on Mr and Mrs H received a settlement of £3,624.99 from their travel insurers and claimed the balance of their losses from their AXA contents policy. AXA said its approved suppliers valued their claim at £2,652.84 and so this would be the cost to AXA of replacing items on a like for like basis. AXA said that under the terms of the policy £2,652.84 was the limit of its liability, and as the payments from Mr and Mrs H's travel insurers exceeded the value of AXA's liability there was no further claim to be made against itself.

Mr and Mrs H said it seemed logical to them that if they claimed on their contents policy first this would have a knock-on effect on their premiums for years to come. For this reason they notified AXA of their contents claim but pursued their travel claims first. They said AXA subsequently told them it could have pursued a claim against their travel insurers had they claimed on their contents policy first, and this might have reduced their contents premiums.

AXA said that this might have led it to claim from Mr and Mrs H's other insurers but wouldn't have affected what they could claim. AXA said this is dealt with under the section: 'Other insurance policies', which states:

"If any injury or damage is covered by any other insurance we will not pay more than our proportion."

Mr and Mrs H said that AXA should have advised them not to replace their laptop or other items themselves as they wouldn't recover the full cost. AXA said it wasn't dealing with their claim at the time and didn't have the right tell customers that they can't replace lost items.

AXA said that under the section 'How We Settle Claims', Mr and Mrs H's contents policy states:

"We may repair, reinstate or replace the damaged property. If we cannot replace or repair the property we may pay for the loss or damage in cash. Where we can offer repair or replacement through a preferred supplier, but we agree to pay a cash settlement, then payment will not exceed the amount we would have paid the preferred supplier. If no equivalent replacement is available then we will pay the full replacement cost of the item with no discount applied.

Should the policyholder wish to replace items prior to the claim settlement being arranged then they may choose to do so, however our settlement would be calculated based on our limit of liability."

Mr and Mrs H were unhappy with AXA's response and referred their complaint to our service. They said that AXA had many opportunities to tell them to use its buying power, or they would be out of pocket, but had failed to do so.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr and Mrs H said that AXA misdirected them by its '*implicit approval of our stated intention*' to claim from the travel insurers. They said AXA should have advised them that they would lose out if they replaced their possessions themselves.

I've listened to Mr H's calls to AXA about their claim. There doesn't appear to be any hesitation that Mr and Mrs H would make their claim against the travel insurers first. Mr H didn't ask questions about the claim and didn't seek advice. AXA said that until Mr and Mrs H pursued their contents claim, it was just updating its records.

I can understand why Mr and Mrs H say that AXA should have advised them about its purchasing arrangements. However, as AXA's claim handlers were not asked for advice and weren't being asked to meet a claim, I don't think it would be fair to blame them for not offering advice about a potential claim.

When consumers are seeking advice about the best way to pursue a claim then they should question their insurer, or a broker. Mr and Mrs H chose to bring their claim against their travel insurers in the first instance. They said that this seemed logical as a claim on their AXA contents policy would have a knock-on effect on their premiums for years to come. I can understand why they reached this decision. It's not possible to be certain if AXA would have been able to recover their claim against their travel insurers had they claimed on their contents policy first, or whether this would have reduced their future premiums.

In common with other insurers AXA will only pay full price for items which can't be replaced. I think this is clearly set out within Mr and Mrs H's policy document and ought reasonably to have alerted them to the potential limitation on any claim.

Mr and Mrs H had a dreadful experience on holiday and I sympathise with them. However, I don't think that AXA was to blame for their disappointment about the amount of the losses they recovered. For this reason I don't propose to make an award of compensation against AXA.

my provisional decision

It is my provisional decision that the complaint is not upheld.

Andrew Fraser
Ombudsman